

Ex. #237

Treaty between Japan and Manchoukuo concerning the Residence of Japanese Subjects, Taxation, etc., in Manchoukuo.

Whereas the Government of Japan, in accordance with the principle of the protocol between Japan and Manchoukuo signed on the fifteenth of September of the seventh year of Showa, have, for the purpose of furthering the healthy development of Manchoukuo and also of promoting and perpetuating the intimate and inseparable relationship now subsisting between Japan and Manchoukuo, decided to abolish, by progressive stages, the right of extra-territoriality at present enjoyed in Manchoukuo by Japan, and to adjust and transfer the administrative rights over the South Manchuria Railway Zone; and,

Whereas the Government of Manchoukuo, appreciating this decision by the Government of Japan have, in return recognized the necessity of ensuring and enhancing the common prosperity of Japanese and Manchoukuo subjects within the territories of Manchoukuo;

Now, therefore, with reference to the right of extra-territoriality and the administrative rights over the South Manchuria Railway enjoyed in Manchoukuo by Japan, the Government of Japan and Manchoukuo have agreed at the first step as follows concerning the residence of, and the enjoyment of various rights and interests by, Japanese subjects, and the application of the laws and ordinances of Manchoukuo concerning taxation, industries, etc.

Article 1.

Japanese subjects shall be free within the territories of Manchoukuo to reside and travel and engage in agriculture, commerce and industry, and to pursue callings and professions, whether public or private, and shall also enjoy all the rights relating to land.

Japanese subjects shall not, in respect of the enjoyment of all rights and interests within the territories of Manchoukuo, be accorded less favorable treatment than that which is or may be accorded to the subjects of Manchoukuo.

Article 2.

Subject to the stipulation of the Supplementary Agreement to the present Treaty, Japanese subjects shall be governed within the territories of Manchoukuo by the provisions of the administrative laws and ordinance of Manchoukuo concerning taxation, industries, etc.

The Japanese Government agrees that, subject to the stipulations of the aforesaid Agreement, the laws and ordinances of Manchoukuo mentioned in the preceding paragraph shall be in force within the South Manchuria Railway Zone on the principles of statutus relia.

In respect of the application of present Article, Japanese subjects shall not, under any circumstances, be accorded less favorable treatment than that which is or may be accorded to the subjects of Manchoukuo.

Article 3.

The stipulations of the preceding two Articles, insofar as they are applicable to juristic persons, apply to Japanese juristic persons.

Article 4.

The stipulations of the present Treaty shall not prejudice the rights, privileges, immunities and exemptions of particular Japanese subjects or juristic persons based on the special engagements entered into between Japan and Manchoukuo.

Article 5.

The present Treaty shall come into force on the 1st of July, the Eleventh Year of Showa, corresponding to the 1st of July, the Third Year of Kangte.

Article 6.

The official text of this Treaty shall be Japanese and Chinese, and in case of a difference of interpretation between the two texts, the difference will be settled according to the Japanese text. As proof to the above, the following have signed and sealed with rightful authority received from their respective governments.

Two copies of this document have been made on 10 June of the 11th Year of Showa (1936) or 10 June of the 3rd Year of Kangte at Hsinking.

Kenkichi UEDA, Japanese Ambassador
Plenipotentiary in the Manchoukuo Empire.
Chang Yen-ching, Foreign Minister of the
Manchoukuo Empire.

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"In case the Government of Manchukuo intend to make any important alterations in respect of the laws and ordinances of Manchukuo which govern Japanese subjects under the stipulations of the preceding Article, they shall, until such time as Japanese subjects come within the jurisdiction of the law courts of Manchukuo, obtain the previous approval of the Japanese Ambassador Extraordinary and Plenipotentiary to Manchukuo.

"The laws and ordinances of Anchukuo, hereon a decision by consultation shall be made immediately after the coming into force of the treaty in accordance with the stipulations of the first paragraph of this article, shall in the main be confined to laws and ordinances relating to the land tax, immovable-property contract tax, business tax, juristic person's business tax, crop-output tax, timber tax, mining tax, mining registration tax, alcoholic drinks tax, cigarette tax, consolidated taxes, commercial registration tax, patent registration tax, utility-model registration tax and local taxes. As to administrative laws and ordinances relating to industrial property, weights and measures, measurement, mining, markets, stock-exchanging, money exchange and monopoly.



"In levying upon Japanese subjects the business tax and the juristic person's business tax of the various taxes enumerated in the preceding paragraph and the house tax and household income tax in the category of local taxes, the Government of Manchukuo shall, for the time being after the coming into force of the treaty, and reduced rates in accordance with a decision to be previously made by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchukuo and the Minister for Foreign Affairs of Manchukuo; and, of local taxes, the additional business tax shall be based on the amount of tax assessed at such reduced rates. It is provided that the reduced rates to be applied immediately after the coming into force of the treaty shall be one-fourth the original rates in respect of the business tax, household income tax and the house tax levied on individuals, and one-third of the original rates in respect of the juristic person's business tax and the house tax levied on juristic persons.

"Article 3

"The application and execution, in respect to Japanese subjects, of the laws and ordinances of Manchukuo, which govern Japanese subjects under Article 2 of the treaty, shall, in so far as such application and execution require judicial procedure, be effected by Japanese consular officers until such time as Japanese subjects come within the jurisdiction of the law courts of Manchukuo.

"In cases referred to in the preceding paragraph, Japanese consular officers shall, subject to the general rules and principles of consular jurisdiction, apply the relevant laws and ordinances of Manchukuo. It is provided that, of the punishments provided for in such laws and ordinances, 'yu-chi-tu-hsing' shall be regarded and applied as 'chō-shi' (imprisonment with hard labor) or 'kinko' (imprisonment without hard labor); 'chu-i' as 'chō-shi' (imprisonment with hard labor); 'kinko' (imprisonment without hard labor) or 'kōryū' (detention); 'fa-chin' as 'baikin' (fine) or 'karyō' (administrative penalty), and 'kuo-tai-chi', as 'ka-ryō' (negligence penalty).

"In case a fine, administrative penalty or negligence penalty is imposed or an article is confiscated, in accordance with the stipulations of this Article, the proceeds of such fine, administrative penalty or negligence penalty and the confiscated article shall revert to the treasury of the Government of Manchukuo.

"Article 4

"In accordance with an agreement with the Government of Manchukuo to be made separately from the present treaty, the Government of Japan shall abolish or transfer, not later than 31 December



The 12th Year of Showa, corresponding to 31 December the 4th Year of the 1937 (31 December 1937), the administrative police system within the territories of Manchukuo; and, of the laws and ordinances of Manchukuo mentioned in Article 2 of the treaty, those which concern taxation and those which have a special bearing upon administrative police within the South Manchuria Railway Zone shall not, until the aforesaid abolition or transfer of administrative police within the territories of Manchukuo is effected, be put in force within the said zone. The scope of those laws and ordinances of Manchukuo which, as aforesaid, have a special bearing upon administrative police within the South Manchuria Railway Zone shall previously be decided upon by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchukuo and the Minister for Foreign Affairs of Manchukuo.

"The Government of Manchukuo shall, in view of the stipulations of the preceding paragraph, perfect their police system and make the preparations necessary for taking over the Japanese institutions and staffs concerned.

"Until the transfer of administrative police within the South Manchuria Railway Zone is effected and, in order to ensure the equality of the incidence of taxation upon Japanese subjects residing within and without the said zone, the Japanese Government shall levy within the zone, from the date of the coming into force of the treaty taxes which are insofar as possible the same as the national taxes imposed by Manchukuo upon Japanese subjects.

"The Government of Manchukuo shall not levy local taxes within the South Manchuria Railway Zone until after the institutions of the South Manchuria Railway Company concerning public works, education, sanitation etc., existing within the said zone shall have been disposed of in accordance with an agreement to be reached between the Governments of Japan and Manchukuo apart from the present treaty.

Article 5

"Simultaneously with the coming into force within the South Manchuria Railway Zone of the laws and ordinances of Manchukuo under Article 2 of the treaty, the Government of Manchukuo shall take over, on the condition then existing, the Japanese institutions and staffs concerned, in accordance with a decision to be previously made by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchukuo and the Minister for Foreign Affairs of Manchukuo.



"Article 6

"If any Japanese subject suffers a grievance against the administrative measures taken by the competent authorities of Manchukuo with reference to the laws and ordinances of Manchukuo which govern Japanese subjects under Article 2 of the treaty, the Government of Manchukuo shall take appropriate steps to redress the grievance."

"Article 7

"Matters which have been decided upon by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchukuo and the Minister for Foreign Affairs of Manchukuo, and also matters in respect to which the approval of the said Japanese Ambassador has been obtained by the Government of Manchukuo, in accordance with the stipulations of the present agreement, shall be made known in the official Gazettes of both Japan and Manchukuo."

"Article 8

"The present agreement shall come into force simultaneously with the treaty."

"In witness whereof, the Plenipotentiaries of Japan and of Manchukuo have signed this agreement and affixed their seals thereto."

"Done at Hsinking this 10th day of the sixth month of the 11th Year of Showa, corresponding to the 10th day of the sixth month of the 3rd Year of Kangte (10 June 1936)."

"(L.S.) Kenkichi UEDA, Ambassador Extraordinary and Plenipotentiary of Japan to Manchukuo."

"(L.S.) C. C. Yen-ching, Minister for Foreign Affairs of Manchukuo."

"Agreed Terms of Understanding between the Plenipotentiaries of Japan and of Manchukuo, with Reference to the Treaty Between the Two Countries concerning the Residence of Japanese Subjects, Taxation, Etc., in Manchukuo, and to the Supplementary Agreement thereto:

"I. With reference to Article 1 of the treaty:

"In case a Japanese subject desires to acquire any right concerning land in an unopened Mongol region, he shall be required to obtain the permission of the competent authorities of Manchukuo."

"II. With reference to Article 2 of the treaty:



"1. In view of the fact that, within the territory of Manchukuo, Japanese subjects are receiving an educational and cultural training, the Government of Manchukuo shall, in accordance with the decision of the Council of State, take the necessary steps to protect the rights and interests of Japanese subjects who are residing in the territories of Manchukuo.

"2. The Government of Manchukuo shall further improve the existing system of taxation.

"3. The Government of Manchukuo shall, in applying the laws and ordinances of Manchukuo which govern Japanese subjects under Article 2 of the treaty, take the necessary steps to protect the rights and interests of Japanese subjects who enjoy under the laws, ordinances or customs of Japan.

"III. In reference to Article 4 of the Supplementary Agreement to the treaty.

"The imposition and collection of consumption taxes on articles produced within and consumed without the South Manchuria Railway Zone, and also on articles produced without and consumed within the said zone, shall be decided upon by consultation between the competent authorities of Japan and of Manchukuo.

"Done at Hsinking this 10th day of the sixth month of the 11th year of Showa, corresponding to the 10th day of the sixth month of the 3rd year of Kangte (10 June 1936).

"(L.S.) Kenkichi UEDA
"(L.S.) CHANG Yen-ching."

